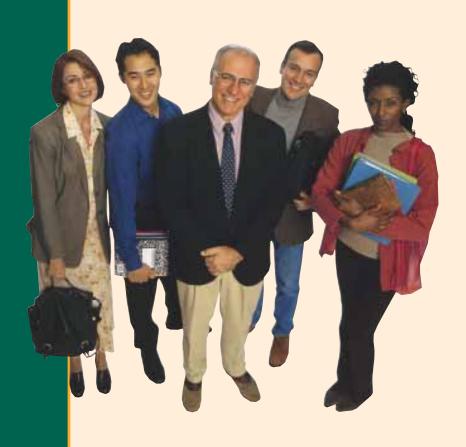
Money ... Money ... Money
Questions ... Questions... Questions
Hope Tax and Lifeline Learning Credit
Tips ... Tips ... Tips
Scams ... Scams ... Scams
Web Sites ... Web Sites ... Web Sites
FAFSA ... FAFSA ... FAFSA
Other Financial Aid Applications
Major Financial Aid Programs
Student Loans ... Questions ... Answers
BestStart, Best in Class, Best in Care
Debt ... Debt ... Debt
Credit ... Credit ... Credit
Compare ... Compare ... Compare



Money . . . Money . . . Money

You've decided to go to college, you've decided which school you want to go to, you've sent in your application, and you've checked on all the deadlines and orientations. Now the million dollar question . . . HOW AM I GOING TO PAY FOR THIS? The answers to many of your questions will be addressed in this chapter. Don't forget that your greatest source of financial aid information will be the financial aid office of the school you plan to attend.

> Don't be dejected . . . the school of your dreams may not as far out of reach as you might think. Don't give up . . . research the availability of financial aid. You may qualify for financial help based on

than a lower-cost school. But you'll never know unless you ask. You can compare the costs of different schools by using the "Package Evaluation" on page 49.



athletic skill,

musical ability,



or some other talent, but it might just beas simple as financial need. Contact the financial aid office at the school you want to attend and find out what's available. It might surprise you.

A formula set by Congress is used to calculate financial aid. In order to find out what state and federal aid you will qualify for, you and your parents need to fill out the Free Application for Federal Student Aid (FAFSA). There may be other forms you'll need to fill out, so be sure you check with the school before submitting your application.

The 2003–2004 estimated costs for most Kentucky colleges are included in Chapter 3. For out-of-state schools, consult The College Cost Book or The College Handbook, published by the College Board, in your school library or counselor's office.

So remember . . . check with the school you want to attend to find out the latest costs and what kind of financial aid package it's offering you. You might be surprised to find out that it won't cost you anymore to go to a high-cost school

Did you know you might be able to go to an out-ofstate school for the same cost as an in-state school? If the academic program you want is not available in Kentucky but is available in one of the participating states of the Academic Common Market, you may be able to attend there for the same cost as you would if you were a resident of that state.

About 150 schools from the following states participate in the Market at the undergraduate and graduate levels: Alabama, Arkansas, Delaware, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Oklahoma, South Carolina, Tennessee, Virginia, and West Virginia. Florida, North Carolina, and Texas participate at the graduate level. For information about and certification for the Academic Common Market, write to the State Coordinator, Council on Postsecondary Education, 1024 Capital Center Drive, Suite 320, Frankfort, KY 40601-8204; call (502) 573-1555; or visit www.cpe.state.ky.us.



Questions ... Questions ... Questions



Did you know? Even though a college education isn't cheap, it's more affordable than you think. As we discussed on the previous page, financial aid comes in many kinds. More than likely, you'll qualify for more than one type. Let's look at some common questions and see if we can provide helpful answers.

What is need-based financial aid?

Need-based aid helps you pay school costs when you can prove your financial need.

Who gives financial aid?

Schools, state and federal governments, and private businesses and organizations provide financial aid. But you and your family must pay as much as you can towards your school expenses.

How is financial aid awarded?

It's awarded by financial need (need-based aid) or on academic achievement, athletics, or other talents (merit-based aid). Most financial aid is need-based but is often awarded in combination with merit-based awards.

Who develops the financial aid process?

Generally, your school's financial aid office develops your financial aid package based on guidelines and law. The package is typically a combination of grants, scholarships, work-study, and/or loans and depends on what funds are available.

Where can I get financial aid information?

Free financial aid information can come from your guidance counselor, the financial aid officer of the school(s) you're interested in attending, and KHEAA's Web site www.kheaa.com. More information can be found on pages 24-28.

How do I apply?

If you're going to a public or private Kentucky college, university, technical college, or trade school, you must file the Free Application for Student Financial Aid (FAFSA) to be considered for an award from the following major state and federal student financial aid programs: CAP and KTG Grants, Federal Stafford Loan, Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), and Federal Perkins Loan.

If you have any questions or need help completing the FAFSA or to find out if other application forms are

Types of Financial Aid

Scholarships: Awards based on some kind of special achievement, either academic, athletic, or service. These are **Grants**: Awards based on need that do not need to be repaid.

Work-study: Part-time employment that lets a student earn money toward a college education either on or off merit-based and do not need to be repaid.

Student loans: Money borrowed, either from a bank, the government, or a school. A student loan must be repaid.

However, low interest rates are available, and repayment doesn't start until you've either left school or graduated. **Conversion scholarships**: Scholarships that require you to provide certain services for a period of time. If you

Waivers: An arrangement offered by some schools to eliminate certain costs for students who meet certain

Military benefits: Financial assistance offered to individuals (or their dependents) who either were or are going to qualifications.

Prepaid tuition: A contract guaranteeing fully paid tuition for a fixed number of credit hours at a participating be in the U.S. Armed Forces.

National service award: An award received for education expenses in return for national or community service.

school. You have to pay a certain amount up front.

required, check with the financial aid office at the school you plan to attend. **Read** the instructions on all forms carefully and follow them to the letter.

When do I apply?

As soon as possible! The first thing you must do is make sure the FAFSA is filled out. This is done using the previous year's tax data. The earlier you file after January 1, the better your chance of getting financial aid. Be sure and check with the financial aid offices of the schools you're interested in to find out their deadlines.



What is need analysis and bow is it determined?

Need analysis is used to determine if you have need for aid, and if so, how much. This is determined by subtracting your expected family contribution (EFC) from the total cost of attendance.

Okay... then exactly what is the EFC and how is it figured?

The EFC is figured from the information on the FAFSA using a formula set by Congress. The result is the amount you and your family are expected to pay toward your college costs. If you are considered an independent student, the EFC is figured on your own financial resources (and those of your spouse, if you're married). (See column to the right for definition of dependent and independent students.)

What if I don't qualify for financial aid this year?

Remember that old saying . . . If at first you don't succeed, try, try again. Reapply each year you plan to attend. There's another old saying . . . Things change.

It's true too.

What is "satisfactory academic progress" mentioned in the eligibility criteria of some financial aid programs?

School and federal regulations determine the eligibility criteria. To continue receiving aid under these programs, you must make satisfactory academic progress according to your school's policy. Check with the schools you're interested in to find out exactly what the requirements are.

Who coordinates the financial aid process?

This is almost always done by financial aid offices. Check with them to see what you qualify for and what kind of financial aid package they can offer you.

What does financial aid cover?

Financial aid must be used to pay the costs of education, which may include:

Direct Costs	Living Expenses	
Tuition / Fees	Transportation / Housing / Food	
Books / Supplies	Personal	

Am I "Dependent" or "Independent"?

Most students who are entering college straight from high school are considered dependent students. For the 2003–2004 academic year, you're a dependent student unless at least one of the following applies to you:

- You were born before January
 1, 1980.
- You're married.
- You're enrolled in a master's or doctorate program during the 2003–2004 school year.
- You have children or other dependents who receive more than half their support from you through June 30, 2004.
- You're an orphan or ward of the court (or were a ward of the court until age 18).
- You're a veteran of the U.S. Armed Forces. "Veteran" includes a student who attended a U.S. military academy who was released under a condition other than dishonorable.

If any of the above apply to you, you're considered an independent student. Your school may ask you to submit proof of your independent status before you can receive any federal student aid. If you think you have unusual circumstances that would make you independent even though none of the above criteria apply to you, talk with a financial aid officer at the school you plan to attend.

Family Considerations



What can I do if my parents claimed me as a tax exemption last tax year but gave me no money or support?

Although you don't meet the federal definition of an independent student, you should discuss your situation with the financial aid director of the school to find out if he or she can assist you.

If I have a brother or sister attending college, will my EFC be less?

Probably. As a rule, if two family members (other than a parent) are in college at least half-time, the EFC is divided by two.

If my parents are divorced or separated, which one should provide the information for the parent's portion of the FAFSA?

The parent with whom you lived the most during the past 12 months should complete the application. If you lived with each parent an equal length of time or lived with neither parent, the parent providing the most financial support for you during the last year should complete the form.

If I have a legal guardian, does (s)he have to provide financial information on the FAFSA?

No. Financial information from an applicant's legal guardian is not collected, even if that guardian has been directed by a court to support the applicant.

How much can I get?

The total amount of need-based financial aid can't exceed the school's total cost of education minus the EFC. More information about sources and amounts of financial aid awards in Kentucky can be found on pages 31–42.

You can use KHEAA's interactive College Aid Calculator, developed by Think Ahead, Inc., of Dresden, Maine, to get an estimate of how much financial aid you can receive. The calculator can be found at www.kheaa.com. You don't need to use your Social Security number, and the information is deleted as soon as the

EFC is calculated. Remember . . . this is only an estimate . . . your actual EFC will be determined from the information on your FAFSA.

When will I know how much I will get?

If you apply for state and federal aid between January and April, you should be notified of your award(s) during the late spring or early summer.

What are Federal Family Education Loans and Federal Direct Loans?

Federal Family Education Loans are made by lending institutions and generally insured by state or private, non-

profit entities such as KHEAA. Your loan application is certified and your loan disbursed through the school.

Federal Direct Loans are financed by the U.S. Department of Education using funds it borrows from the U.S. Treasury.

The program is administered by the school.

See page 38 for information on federal loans.

Check with the school you plan to attend to see which type of loan is available to you.

What is the school's refund policy?

Every school that awards federal student aid must have a written refund policy and give you a copy of that policy if you request it. It's important to find out (before you apply for admission) if you can get a refund if you withdraw from school before you get your degree or certificate.

What is an enrollment contract?

Some schools use an enrollment contract to explain what you can expect them to give you for your money. Read the contract carefully before you sign it. A representative of the school may promise you things that aren't in the contract, such as help finding a job. If the representative makes you a promise, ask him or her to write the promise on the contract and sign and date it. A promise is usually not enforceable in court unless it's in writing.

Are scholarships taxable?

If you attend college on scholarships, you or your parents should double-check the tax status of any financial aid with a tax advisor before deciding whether to ignore the income or report any of it on the tax return. The basic requirement for a scholarship to be tax free, known as a "qualified" scholarship, is that the

A qualified scholarship is any amount used for tuition and required fees, books, supplies, and equipment. Any amount received for incidental expenses is not a tax-free, qualified scholarship. Incidental expenses include expenses for room and board, travel, research, and clerical help.

recipient be a candidate for a degree.

For more information, call the Internal Revenue Service (IRS) at (800) 829-1040 or visit www.irs.gov/pub/irs-pdf/p520.pdf to download the free Publication 520 Scholarships and Fellowships. This and other free publications are also available from the IRS by calling (800) 829-3676 or by visiting www.irs.gov/formspubs/lists/0,,id=97819,00.html.

What about tax credits and deductions?

Listed are four ways you can save money on your taxes when it comes to paying for college. For all these credits and deductions, you or your parents should talk with your tax advisor.

If your parents paid qualified tuition and fees in 2003 for themselves or a dependent, they may be able to deduct up to \$3,000 on their 2003 federal income tax return. This deduction is taken as an adjustment to income, which means your parents can claim it even if they do not itemize deductions. For more information, see IRS Publication 553 (available by visiting http://ftp.fedworld.gov/pub/irs-pdf/p553.pdf).

The Hope Tax Credit can reduce the federal income tax you or your parents owe. It's available for (1) college students pursuing an undergraduate degree and financing their own education and (2) parents or other adults who are paying for children to go to college or a vocational school and claiming them as a dependent on their federal tax return. It



can only be taken the first two years a student is in college.

The U.S. Department of Education operates a tollfree telephone service for students, parents, and educators who have questions about federal student assistance



programs. Call (800) 433-3243 ([800] 4FED-AID). Individuals with a hearing disability who use a telecommunications device may call the Federal Information Relay Service at (800) 730-8913.

Taxpayers can deduct up to \$1,500 of qualified tuition and related expenses. Payments made duiring 2003 qualify for the 2003 tax year. There is no limit to the number of students in the family who can qualify. The credit is deducted from the amount of federal income tax you or your parents owe.

For Hope benefits, taxpayers must submit IRS Form 8863 with their federal tax returns. For more information, call the IRS Help Line at (800) 829-1040, read IRS Publication 970 (available by visiting

http://ftp.fedworld.gov/pub/irs-pdf/p970.pdf)

Unlike the Hope Tax Credit, the

Unlike the Hope Tax Credit, the

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If you or your parents made payments on any student loans this year, you may be able to claim up to \$2,500 in interest as a deduction to income. For more information, call the IRS Help Line at (800) 829-1040, read IRS Publication 970 (available by visiting http://ftp.fedworld.gov/pub/irs-pdf/p970.pdf).

Tips . . . Tips . . . and More Tips

Hopefully we've answered some of the questions you might have in the previous section. Let's look at some tips that can help you to increase your chances of obtaining the most financial aid you can.



Consult your quidance counselor.

This person is an excellent resource and can tell you about financial aid in general and where to look for help.

Check your high school or public library for books about sources of student aid.

Make good grades in high school.

By doing so, you can earn money for college or technical training through the KEES program. Students who make a 2.5 or higher grade point average can earn scholarships for college. Doing well will also help you qualify for other scholarships and grants.

Learn about student loans. You should first try for aid that you don't have to repay. However, most students will have to take out loans to pay for college. If you're going to need student loans, you need to make sure you get the least expensive ones you can. That means you need to learn some terms and then make comparisons. For the low-down on student loans, see pages 46–47.

Talk with the financial aid administrator at the school you're interested in attending. He or she can inform you about aid programs that are available through the school. See Chapter 3 for names, addresses, and other information.

Write to organizations connected with your field of interest (such as the American Medical Association or the American Bar Association) which may have financial aid available. These organizations are listed in directories of associations available in public libraries.

Read Funding Your Education,

a U.S. Department of Education (USDE) handbook containing valuable information about student financial assistance. Copies should be available at public libraries, counselor offices, and online at www.ed.gov/prog_info/SFA/FYE. Additional details may be obtained by calling the USDE's Federal Student Aid Information Center at (800) 4FED-AID ([800] 433-3243) or visiting www.ed.gov.

Search for free information about scholarships and other student aid sources.

Visit KHEAA's Web site

www.kheaa.com. KHEAA's Web site features information about KHEAA financial aid programs and services, KHEAA publications, the interactive College Aid Calculator, a KHEAA staff directory allowing instant e-mail access, and links to other financial aid sites. You may also access the most current information about your KHEAA grant, loan, and KEES award.

Visit the National Association of Student Financial Aid

Administrators' home page at www.nasfaa.org. This site includes the full text of the publications *You Can Do It! You Can Afford It* and *Cash for College*; has links to many related sites; and can lead you to information about scholarships, scams, and personal finances.

Check with community organizations and civic

groups such as the American Legion, YMCA, 4-H Club, Kiwanis, Jaycees, Chamber of Commerce, and Girl or Boy Scouts. Foundations, religious organizations, fraternities or sororities, and town or city clubs are some other possible sources of aid.

Watch newspapers for scholarships offered through local community service organizations, businesses, clubs, unions, churches, fraternal groups, etc., and contact them for more information.

Consult Affording Higher Education, a

KHEAA reference book containing more than **3,200** sources of student financial aid for Kentucky students. Copies of this and other student aid materials are available at public libraries, counselor offices, and KHEAA's Web site www.kheaa.com.



Scams . . . Scams . . . Scams

No one likes to be victimized. But if you're not careful, you could easily be the victim of a scam.

You will probably need financial aid to help pay for college. The money is out there . . . but make sure your sources are reliable or you could find out the hard way that not everyone is honest!

You've always heard, "If it sounds too good to be true, it usually is." That's good advice when it comes to



searching for financial aid. Be wary of any company that offers to do the work for you—at a price, of course. It sounds so easy . . . fill out a form and sit and wait for all these scholarships to fall in your lap. Scholarship search companies may charge hundreds of dollars to give

you a list of scholarships for which you can apply.

There are some easy steps you can take to get the same information for free.

STEP 1

Start in familiar territory . . . check with your guidance counselor. Your guidance counselor should be able to help you find many sources of student financial aid for which you may qualify.

STEP 2

Next step . . . contact someone in the financial aid office at each school you're considering. That person can tell you about the financial aid programs offered by the school.



STEP 3

You should also attend any free financial aid workshops sponsored by your high school, local colleges and universities, or the Kentucky Association of Student Financial Aid Administrators (KASFAA), such as College Goal Sunday. Don't confuse these free events with events sponsored by companies that offer services for a fee.



STEP 4

Before paying a fee for financial aid information, check out the company by contacting the Better Business Bureau; the Kentucky Attorney General's office, Consumer Protection Division, 1024 Capital Center Drive, Frankfort, KY 40601, 888-432-9257, www.law.state.ky.us/cp/Default.htm; or the Attorney General in the state where the company is located.

STEP 5

Check out the Internet. It can help you find scholarship sources. You can do that yourself by accessing any of several **free** scholarship search sites available on the Web. You can link to some of them from KHEAA's home page www.kheaa.com.

If you're going to use the Web, remember that Web sites are not regulated by any agency. It doesn't take much to start a fantastic-looking Web site, so you can't judge the site simply by the way it looks. A scam artist can set up a Web site, take people's money for a few weeks, shut down the site, and disappear.



The Federal Trade Commission (FTC) cautions students to be especially skeptical about scholarship search companies and sites that make any of these claims:

"You've been selected by a national foundation to receive a scholarship." (Check with your guidance counselor or access the Web site of The Foundation Center, www.fdncenter.org, to find out if the foundation is legitimate. Check with your guidance counselor if you are notified that you're a finalist in a scholarship contest you never entered.)

"This scholarship will cost some money." (Some legitimate scholarships do have up-front fees, but they should not be more than \$5 to \$10.)

"We'll do all the work." (The company may send you a long list, but you'll have to fill out all the applications.)

"The scholarship is guaranteed or your money back." (Read the fine print. To get a refund, you may have to receive a letter of rejection from every source on your list. That may be impossible to do if a scholarship on the list is no longer offered. Some unscrupulous companies even cite sources that don't exist. The fine print may state that all types of student financial aid are included, so if you get a loan and no scholarships, you still can't get your money back.)

"I just need your credit card or bank account number to hold this scholarship." (NEVER give these numbers to a person or company you're not sure about. Someone with your credit card number can charge something to your card, and someone with your bank account number can make withdrawals—without your knowledge.)

"You can't get this information anywhere else." (Nearly all the information can be found by working with your guidance counselor and college financial aid officer, visiting your high school or public library, or doing your own free online scholarship search.)

For more information about scholarship frauds, check out these Web sites:

Federal Trade Commission, www.ftc.gov

You can also file a complaint with the FTC by calling toll free (877) 382-4357 or submitting an online complaint form available on the FTC Web site.

National Fraud Information Center, www.fraud.org

This site provides information on how to spot, stop, and report a scam. You can report one online or call the center toll free at (800) 876-7060.

FinAid, www.finaid.org/scholarships/scams.phtml

This is another site that provides information on how to identify and report scams.

Remember, however, that the absence of complaints may not mean the company or foundation is legitimate—it may just be so new that no one has filed a complaint yet.

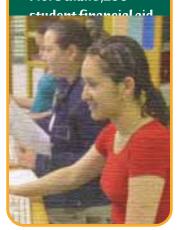


Web Sites . . . Web Sites . . . Web Sites

www.kheaa.com is your state student aid headquarters!

At www.kheaa.com, you can find more information about state student aid for Kentuckians than any other site, including:

- Your application status and account history for your KHEAA grants, loans, and Kentucky Educational Excellence Scholarship (KEES) awards.
- Up-to-date information on all KHEAA financial aid.
- Links to other higher education and financial aid sites.
- KHEAA's publication
 Affording Higher
 Education, which lists
 more than 3,200



Check out these Web sites that offer free information about higher education, financial aid, and career planning.

 Kentucky Association of Student Financial Aid Administrators (KASFAA)
 www.kasfaa.com

Kentucky Council on Postsecondary Educationwww.cpe.state.ky.us

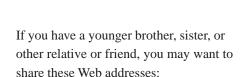
Kentucky Virtual University (KYVU)www.kyvu.org

- Association of Independent Kentucky Colleges and Universities
 www.aikcu.org
- ✓ KentuckyMentorTM
 www.kentuckymentor.org
- U.S. Department of Education www.ed.gov
- Kentucky Community and Technical College System (KCTCS)
 www.kctcs.edu
- ✓ The Student Loan People

 www.studentloanpeople.com

If you want help from financial aid experts, check out this site. It offers online chats about financial aid several times a year.

Mapping your Future www.mapping-your-future.org.



Kentucky Education Savings Plan Trust www.kysaves.com

(To find out how to plan and save for a child's higher education.)

and

Kentucky's Affordable Prepaid Tuition www.getKAPT.com

(To find out how to prepay for a child's higher education.)

If your parent or another adult is interested in returning to school, you may want to tell them about *Adults Returning to School*, a guide for nontraditional students, which is available only on KHEAA's Web site

Remember what you learned on the two previous pages . . . investigate any company that offers to search for financial aid for you. If there's a cost for this service, do it yourself . . . you'll get the same information at no extra charge.

FAFSA . . . FAFSA

Free Application for Federal Student Aid

FAFSA... what exactly is it and why do you need it? The FAFSA is the Free Application for Federal Student Aid and it's a very important part of your preparation for college.

Student Aid and it's a very important part of your preparation for college.

How, you ask? This is the form that needs to be filled out before you can qualify for any federal or state student aid. Not only does it need to be filled out, it needs to be filled out correctly. The financial aid information provided on the form will

So, where do you get this important form?

The best way to obtain and file the FAFSA is online. You

automatically be sent to the school(s) listed on the FAFSA



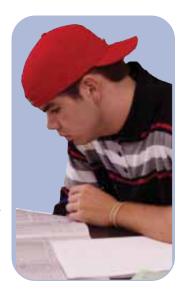
and to KHEAA.

can use your library, high school, or home computer to apply for federal student aid via *FAFSA* on *the Web* (an interactive Web page). You can complete a FAFSA online and send your data over the Internet at www.fafsa.ed.gov. A brochure titled *FAFSA* on the Web is available from the U.S. Depart-

ment of Education (USDE) by calling (800) 4FED-AID ([800] 433-3243). The computer you use must have one of the following browsers: Netscape Navigator 4.76 or higher, MS Internet Explorer 4.0 or higher, or AOL 5.0 or higher. If you have any questions about *FAFSA on the Web*, call (800) 4FED-AID.

Something to keep in mind . . . you are less likely to make errors filing electronically because your answers are edited automatically. Also, you will receive your report 7 to 14 days faster than you will with a paper FAFSA.

If you don't have a computer or access to one, check to see if the school you plan to attend has electronic FAFSA capability. If so, you should be able to apply through the financial aid office by filling out the FAFSA and bringing it to the school. The school can then enter your information and transmit it to the USDE Central Processing System.



The paper FAFSA is available from high school counselors, college financial aid offices, or by calling the USDE toll free at (800) 4FED-AID ([800] 433-3243). If you want to be notified when your application is received, fill out the postcard contained in the FAFSA packet and enclose in the return envelope with your application. When the application is received, the FAFSA processor will stamp the card with the receipt date and location and mail it back to you.

The school's financial aid office will use this information to determine whether you're eligible for need-based financial aid and, if so, for how much and what type. From this information, the school will create a financial aid package for you. Each college you list on the FAFSA will consider you for financial aid and will notify you of its decision in late spring or early summer.

At College Goal Sunday on February 8, 2004, members of the Kentucky Association of Student Financial Aid Administrators (KASFAA), will help students and parents complete the FAFSA. It will be held at sites across the state. Check the KASFAA Web site or watch your mailbox, local newspaper, or guidance office bulletin board for more information.

KHEAA uses information from the FAFSA in making grant awards. As KHEAA receives data from the FAFSA central processor, students are sent grant notices instructing them to visit KHEAA's Web site www.kheaa.com to learn their grant eligibility at all schools listed on the FAFSA.

Use the following steps to complete the FAFSA.

First: Decide if you will complete the FAFSA electronically or on paper.

Second: Gather documents you will need to refer to in completing the FAFSA. These include the following:

➤ Your Social Security card and driver's license.

- ➤ Your W-2 forms and federal income tax return.
- ➤ Your parents' W-2 forms and federal income tax return ➤ Records of other untaxed income received such as Social
- Security benefits, Temporary Assistance for Needy Families (TANF), or veteran's benefits. ➤ Current bank statements and records of stocks, bonds,
 - or other investments.
 - ➤ Business or farm records if applicable. ➤ Your alien registration card if you are not a U.S. citizen.
 - ➤ A blank diskette if you are applying via FAFSA on the
 - Web. You will need it to save your data.

addresses and filing deadlines.

Don't forget to:

- Read and follow the FAFSA instructions very carefully.
- ➤ Submit the FAFSA as soon as possible after January 1 of your senior year (when the family has its federal income tax preparation data) to make sure you have the best chance of receiving aid for which you're eligible.
- ➤ Keep copies of your FAFSA and a record of the date you submitted or mailed it.
- ➤ If you need to make corrections on your FAFSA, follow the instructions on the Student Aid Report (SAR) you receive in the mail and return it immediately for reprocessing.
- Read financial aid award letters carefully and comply with requests from schools for clarification or additional information as soon as possible. Any corrections or additional information should be submitted to the USDE Central Processor of the FAFSA forms, so KHEAA and the administrators of other federal and institutional programs will have the information too.

Other Financial Aid Applications

Check with the financial aid Like the FAFSA, other applicabe eligible, obtain and complete office of the school you plan to tion forms should be filed as early the appropriate application. as possible. attend to determine if you should Check the school's catalog or Web file any other applications. Keep copies of everything you site for descriptions of any mail and a record of the dates you Read and follow directions. additional scholarships or finan-Filling out an application mail the materials. You might cial aid for which you may be properly and neatly is important. want to send your materials by eligible to apply. Web site adregistered mail, return receipt dresses can be found in Chapter 3. You may be disqualified for requested. failing to complete all questions, Apply, apply, apply. By applying answering them incorrectly, or Talk with your counselor about for several types of aid, you missing the deadlines. scholarships available in your increase your chances of receiving Pay close attention to mailing community. If you think you may enough to pay your school costs.

Major Financial Aid Programs

Listed on the following pages are many of the major student financial aid programs available to Kentuckians. They're divided into categories based on the type of aid: grants, scholarships, waivers, conversion scholarships/loans, loans, workstudy, military benefits, national service, and savings programs. The required application for many of these programs is the FAFSA. This form is available online from *FAFSA* on the Web at www.fafsa.ed.gov or from financial aid offices at participating schools and high school counselor offices. Online help in completing the FAFSA is available at www.studentaid.ed.gov/students/publications/completing_fafsa/index.html.

Due to the ever-changing climate of student financial aid, programs may be discontinued or their eligibility or awards changed. For the most up-to-date information, check with your high school counselor or a financial aid officer at the school you plan to attend. For more information about KHEAA programs having the KHEAA symbol, call (800) 928-8926 or visit KHEAA's Web site www.kheaa.com. KHEAA awards millions of dollars each year to thousands of Kentucky students.

Grants

KHEAA College Access Program (CAP) Grant

Eligibility: Financially needy undergraduate Ken-

tucky resident enrolled in an eligible school for at least six semester hours or equivalent quarter hours in an eligible

course of study.

Awards: The maximum award for

the 2003–2004 academic year is \$1,400. Eligible part-time college students

will receive an amount

calculated on \$58 per credit hour or \$39

per quarter hour.

Application: FAFSA.

Federal Pell Grant

Eligibility: Undergraduate student who holds no

bachelor's or higher degree, has financial need, and is a U.S. citizen or eligible noncitizen enrolled in an eligible school. Students enrolled in a postbaccalaureate teacher certificate or licensing program

may also be eligible.

Awards: Amount set by the federal government each

year depending on program funding and financial need. For the 2003–2004 school year, the award maximum was \$4,050.

Application: FAFSA.

Federal Supplemental Educational Opportunity Grant

Eligibility: Undergraduate student who holds no

bachelor's or higher degree, has exceptional financial need, and is a U.S. citizen or eligible noncitizen enrolled in an

eligible school.

Awards: Up to \$4,000 each academic year depend-

ing on program funding and financial need.

Application: FAFSA. Deadline set by the institution.

KHEAA Kentucky Tuition Grant (KTG)

Eligibility: Financially needy Kentucky resident

enrolled full-time at an eligible Kentucky

private college.

Awards: The maximum award for the 2003–2004

academic year is \$2,400.

Application: FAFSA.

Vocational Rehabilitation Assistance

Eligibility: Individuals who

have physical or mental impairments which constitute or result in substantial impediment to employment and can benefit in terms of an employment out-



come from vocational rehabilitation services. They should also require vocational rehabilitation services in order to prepare for, enter into, engage in, or retain employment. Academic aptitude and economic need should be demonstrated.

Awards: Partial payment of tuition and other

services. Amount based on financial need

assessment and availability of funds.

Application: Write to the Kentucky Department of

Vocational Rehabilitation, Cabinet for Workforce Development, 209 St. Clair Street, Frankfort, KY 40601; call (800) 372-7172; or visit http://kydvr.state.ky.us/.

Scholarships

Byrd Honors Scholarship

Eligibility: Current Kentucky high school senior or

holder of an equivalent certificate recognized by the state who provides evidence of past academic achievement and the potential for continued academic success and is enrolled full-time in a postsecondary school for the following academic year.

Awards: Varies

Application: Contact your high school guidance office

for an application and deadline informa-

tion.

Commonwealth Scholars Program

Eligibility: Academically talented Kentucky students

attending Kentucky's public colleges and universities. Eligibility requirements set by

each school.

Awards: Varies

Application: Contact the university or college you plan

to attend.

Early Childhood Development Scholarship

Eligibility:

Kentucky residents and U.S. citizens, nationals, or permanent residents who are enrolled in no more than nine credit hours per academic term in the scholarship program curriculum at a participating school. They must pursue one of the approved credentials and be employed at least 20 hours weekly in a participating



early childhood facility or provide training in early childhood development for an organization approved to offer training by the Office of Inspector General of the Cabinet for Health Services. They cannot be eligible to receive state or federal training funds through Head Start or First Steps, cannot have any unpaid financial obligation to KHEAA, and must agree to a service commitment.

Awards: The tuition charged by the institution not

to exceed \$1,400 per award year (July 1–

June 30).

Application: Contact the Governor's Office of Early

Childhood Development, 275 East Main Street, 3rd Floor, Frankfort, KY 40621 or call (502) 564-8099 or toll free (866) 294-0135. Application deadlines: fall semester—July 15; spring semester—November

15; summer semester—April 15.

Education Pays Scholarship

Eligibility: Kentucky resident enrolled in a Kentucky

postsecondary school who is a client of at least one of the Cabinet for Workforce

f the EDUCATION PAYS

Development's programs/services; demonstrates excellent

character; and submits an application, two character reference letters (not from relatives), and an essay (not to exceed 600 words) on "How Education Pays in My

Life."

Awards: \$500

Awards:

Application: Available at www.kycwd.org. Deadline

April 15, 2004

KHEAA Kentucky Educational Excellence Scholarship (KEES)

Eligibility: Kentucky resident who achieves at least a

2.5 GPA at the end of a high school year in an approved curriculum determined by the Council on Postsecondary Education (CPE), plans to attend a participating Kentucky college, and is not a convicted felon.

Students who are pursuing a degree in a program of study

not available in Kentucky may be able to use a KEES award to attend an out-of-state college if approved by CPE. Students who maintain Kentucky residency while participating in an approved foreign educational exchange program or the U.S. Congressional Page School or whose parents main-

tain Kentucky residency while in the U.S. armed forces can also earn KEES awards.

High school students may receive scholarships based on their GPAs for each year of high school plus a bonus award based on

their highest ACT or SAT composite score

received by their high school graduation date. These awards range as follows:

	KEES AW	vard Amour	nts
G PA	Base Amount	ACT Score	Bonus Amount
2.50 2.60 2.70 2.75 2.80 2.90 3.00 3.10 3.20 3.25 3.30	\$125 150 175 187 200 225 250 275 300 312 325	15 16 17 18 19 20 21 22 23 24 25	\$ 36 71 107 143 179 214 250 286 321 357 393
3.40 3.50 3.60 3.70 3.75 3.80 3.90 4.00	350 375 400 425 437 450 475 500	26 27 28 or above Amounts are subjectange based on	

Application: None. Each high school sends information on eligible students to the Kentucky Department of Education (KDE). KDE sends data to KHEAA for all eligible students. KHEAA obtains test scores directly from ACT and SAT testing services.

Waivers

To find out whether you or your child qualifies for any of these waivers, visit the Legislative Research Commission's Web site www.lrc.state.ky.us. to view these statutes in their entirety.

Adopted and Foster Children

Eligibility: KRS 164—Must be a Kentucky student

whose family receives state-funded adoption assistance under KRS 199.555, who is currently placed in foster care by the Cabinet for Families and Children or the Department of Juvenile Justice, who is in an independent living program funded by the Cabinet for Families and Children, who was in the custody of the Cabinet for Families and Children or the Department of Juvenile Justice prior to being adopted by a family that resides in Kentucky, or who was in the custody of the Cabinet for Families and Children on his or her 18th birthday. Student must enter college or vocational school no more than four years after graduating from high school. Available to part-time and full-time undergraduate students. Out-of-state students meeting eligibility requirements at time of application to a Kentucky school may apply for a waiver of up to the cost of in-state tuition. Tuition and mandatory student fee waiver

Awards:

at any public postsecondary institution for up to five years if satisfactory progress is achieved or maintained. If sum of tuition waiver and other student financial assistance, except loans, from all sources exceeds total cost of attendance, the tuition waiver shall be reduced by the amount exceeding the total cost of attendance.

Application: Financial aid office of the school you plan to attend or Fawn Conley, Chafee Independence Program, 275 East Main Street, 3 C-E, Frankfort, KY 40621, telephone (502) 564-2147, ext. 4497, email fawn.conley@mail.state.ky.us

Dependents of Deceased Employees Participating in State-Administered Retirement Systems

Eligibility: **KRS 164.2841**—Must be the child or

> nonremarried spouse of an employee participating in a state-administered retirement system who died of a dutyrelated injury. Must provide proof of relationship to the deceased and proof that the death/disability was duty related.

Award:

Waiver of any matriculation or tuition fees at state-supported university, college, or

vocational school.

Application: Contact the financial aid office of the

Kentucky public higher education institution you plan to attend.

Dependents of Disabled Employees Participating in State-Administered Retirement Systems

Eligibility: **KRS 164.2842**—Must be the spouse or the

child (over age 17 and under age 23) of an

employee participating in a stateadministered retirement system who was disabled due to a duty-related injury. Must provide proof of relationship to the disabled person and proof that the

disability was duty related.

Award: Waiver of any matriculation or tuition fees

> at state-supported university, community college, or vocational school for no more

than 36 months

Application: Contact the financial aid office of the

Kentucky public higher education institution you plan to attend.

Dependents of Deceased or Disabled Kentucky Law **Enforcement Officers & Firefighters**

Eligibility: KRS 164.2841— Must be the child or

> nonremarried spouse of a person who was a Kentucky resident on becoming a law enforcement officer, firefighter, or volunteer firefighter and who was killed while in active service or training for active service or who died as a result of a service-connected disability after June 30, 1989; be enrolled in a state-supported university, community college, or vocational school; and provide proof of relationship to the deceased and the circumstances of death.

Full tuition and matriculation fees. This Award:

> tuition waiver can be used in addition to other scholarships; any balance left may be applied toward incidental expenses and/or

may be returned to the recipient.

Eligibility: KRS 164.2842—Must be the nonremarried

> widow or widower or child (who is over age 17 and under age 23) of a permanently and totally disabled law enforcement officer, firefighter, or volunteer firefighter injured while in active service or in training for active service while a resident of Kentucky, regardless of when the disability occurred; be enrolled in a state-supported university,

community college, or vocational school; and provide

proof of relationship and the qualifying

disability.

Award: Full tuition and matriculation fees for up to

Application: Contact the financial aid office of the

school you plan to attend; write to the Kentucky Fire Commission, 2750 Research Park Drive-Barn Annex, P.O. Box 14092, Lexington, KY 40512; or call (800) 782-

6823.

Dependents of Deceased or Totally Disabled Kentucky Veterans

Eligibility: KRS 164.505—Must be the child, stepchild, or nonremarried spouse of a serviceman or woman who was a Kentucky resident when he or she entered military service and who was killed while in service or died of a service-connected disability. Student must provide documentation of relationship to parent or spouse as well as documentation showing the parent's or spouse's military service and cause of death. If the student also receives a scholarship payable to the school, the scholarship must be applied to incidental expenses and any balance returned to the student if the terms of the scholarship allow.

KRS 164.507—Must be the child or stepchild between the ages of 17 and 23 or the nonremarried spouse of a deceased veteran who was a resident of Kentucky or married to a resident of Kentucky at the time of death and who served in the U.S. Armed Forces during a national emergency, war declared by Congress, or action of the United Nations or who was killed on active duty or died of a service-connected disability acquired while on active duty. Student must provide documentation of relationship to parent or spouse as well as documentation showing the parent's or spouse's military service and cause of death. A stepchild must have been a member of the veteran's household when the veteran died. If the student also receives a scholarship payable to the school, the

scholarship must be applied to incidental expenses and any balance returned to the student if the terms of the scholarship allow.

KRS 164.512—Must be the child of a veteran who has acquired a disability as a direct result of the veteran's service. To be entitled to benefits under this section, the child claiming benefits must have acquired a disability determined by the U.S. Veterans Administration as compensable. Must document the parent-child relationship. To entitle a child to benefit under this section the member of the National Guard or Reserve Component veteran living or deceased must have served on state active duty, active duty for training, or inactive duty training or the veteran must have served on active duty with the Armed Forces of the United States, and the discharge must have been under honorable conditions. The veteran must be a resident or, if deceased, must have been a resident of Kentucky.

KRS 164.515—Must be the child or stepchild over 17 and under 23 or the spouse of a permanently and totally disabled member of the Kentucky National Guard or Reserve Component injured while on state active duty, active duty for training, or inactive duty training; or a permanently and totally disabled war veteran; or a 100% service-connected disabled veteran regardless of wartime service; or prisoner of war or member of the Armed Services declared missing in action. A living veteran must be rated permanently and totally disabled for pension purposes or 100% disabled for compensation purposes by the U.S. Veterans Administration or the Department of Defense. If the veteran is deceased, the claim to benefits is to be based on the rating held by the veteran at the time of death. If a prisoner of war or missing in action, the veteran must have been declared as such by the Department of Defense. Members of the Kentucky National Guard must be rated permanently and totally disabled as provided in KRS



Chapter 342. Must document the parent's, stepparent's, or spouse's service and rating.

Awards: Tuition waiver at any state-supported

university, community college, or voca-

tional training school.

Application: Contact the Veterans Affairs Office of the

school you plan to attend; write to the John Kramer, Kentucky Department for Veterans Affairs, 545 South Third Street, Room 123, Louisville, KY 40202; or call (502) 595-4447 or toll free (800) 928-4012.

Conversion Scholarships/Loans

Kentucky Natural Resources and Environmental Protection Cabinet Scholarship

Eligibility: Student who will be enrolled in a Kentucky

university at the junior, senior, or postgraduate level and pursuing a course of study considered to be of critical need to the Department for Environmental Protection. Recipients will work for the sponsoring department following completion of

degree requirements.

Amounts are awarded to defray the average Awards:

costs of tuition, books, and room and

board.

Application: Write to the Kentucky Water Resources

Research Institute at the University of Kentucky, 233 Mining and Minerals Building, Rose Street, Lexington, KY 40506-0107 or call (859) 257-1299. Application deadline is February 15. For further information, contact the Department for Environmental Protection, 14 Reilly

Road, Frankfort, KY 40601.

Kentucky Nursing Incentive Scholarship

Kentucky resident who is admitted into an Eligibility:

approved nursing program and who agrees to work as a nurse in Kentucky. For prelicensure nursing programs, students must complete a minimum of 15 credit hours per academic year of published nursing program requirements; for the graduate nursing program, students must complete a minimum of nine credit hours

per academic year of published nursing program requirements, and students must maintain a minimum GPA to allow continuation in the program.

Awards: Varies

Application: Contact Richelle Livers, Kentucky Board

of Nursing, 312 Whittington Parkway, Suite 300, Louisville, KY 40222-5172; e-mail richeller.livers@mail.state.ky.us; or print from Web site at www.kbn.ky.gov.

Applications must be postmarked January 1

to June 1.

Kentucky Police Corps Scholarship

Eligibility: Full-time college

junior or senior attending (or have a letter of

acceptance to

attend) a four-year accredited college or university. Applicants must demonstrate good character and sincere dedication to public service; successfully complete a background check, medical examination, psychological exam, drug screen test, polygraph test, physical fitness test, and oral review; and attend a challenging residential Police Corps Basic Training program. The graduate commits to four years of service with a Kentucky law enforcement agency assigned to community patrol. Recipients who do not fulfill requirements must repay the scholarship

with interest.

Up to \$7,500 per year up to a total of Awards:

> \$30,000 scholarship. (An additional stipend of \$400 weekly during training.)

Number of awards varies.

Application: Visit the Kentucky Police Corps Web site

docjt.jus.state.ky.us/pcorps/; contact the Kentucky Police Corps, Criminal Justice Training, Funderburk Building, 521 Lancaster Road, Richmond, KY 40475; or

call (859) 622-5032 or toll free 866-

KYCORPS.

Kentucky Transportation Cabinet Civil Engineering Scholarship

Eligibility: Kentucky resident or Kentucky high school

> graduate with ACT of 24 or higher and civil engineering student currently attending or planning to attend the University of Kentucky, University of Louisville, Kentucky State University, Western Kentucky University, or any University of Kentucky affiliated community college. Recipient must agree to work for the Kentucky Transportation Cabinet one year

tion.

Semester stipends (freshman/sophomore

receive \$3,600 gross pay each semester; junior/senior receive \$4,000 gross pay each semester) and may be offered summer

employment.

Application: Contact the school you plan to attend or

visit www.kytc.state.ky.us/person/ ScholarshipProgram.htm. Application

deadline is March 1.

KHEAA KHEAA Teacher Scholarship

Eligibility: Highly qualified,

financially needy Kentucky resident who is enrolled or accepted for enrollment as a full-time student and seeking initial teacher

certification. Recipi-

ents who do not fulfill requirements must repay the scholarship plus 12 percent

Juniors, seniors, postbaccalaureate, or

graduate students may receive an academic year maximum of \$5,000 (exclusive of a summer session); \$2,500 for each semester; and \$1,250 for each summer session. If funds remain, freshmen and sophomores may receive an annual maximum of \$1,250

semester; and \$325 for each summer

Application: Complete and file the FAFSA, the results of

which will automatically be forwarded to KHEAA by the central processor. Student must also file a Teacher Scholarship application with KHEAA. This application is available from high school counselors, KHEAA, college education advisors, and on KHEAA's Web site www.kheaa.com. Applicants are responsible for a completed application and need analysis data being received by KHEAA on or before May 1.

Minority Educator Recruitment and Retention (MERR) Scholarship

Eligibility: Kentucky resident who is a member of a

> minority group as defined by the federal government, maintains a 2.5 GPA, declares teacher education as the major area of study, and is a full-time undergraduate or graduate pursuing an initial teaching certificate. Recipients who do not fulfill requirements must repay the scholarship plus 12 percent interest.

Up to \$5,000 each academic year Awards:

Application: Write to Dr. Lucian Yates III, Director,

Division of Educator Recruitment and Retention, Kentucky Department of Education, 500 Mero Street, Frankfort, KY 40601; call (502) 564-1479; or contact a MERR Scholarship Coordinator at any of the state-supported universities in Kentucky. Application deadline is determined by individual state colleges of teacher education.

KHĒAA Osteopathic Medicine Scholarship

Eligibility: Kentucky resident accepted for enrollment

> into the Pikeville College School of Osteopathic Medicine. Recipients who do not fulfill requirements must repay the scholarship plus 12 percent interest.

Awards: Equal to the difference between the average

> amount charged for in-state tuition at the state medical schools and that charged at Pikeville College School of Osteopathic

Medicine.

for each year on scholarship upon gradua-

Awards:

interest.

Awards:

(exclusive of a summer session); \$625 each

session.

Application: Write to Teresa Jones, Financial Aid,

Pikeville College School of Osteopathic Medicine, 147 Sycamore Street, Pikeville, KY 41501 or call (606) 218-5400. Applica-

tion deadline is July 1.

Loans

Federal Perkins Loan

Student who has Eligibility:

exceptional financial need and is a U.S. citizen or eligible noncitizen enrolled at an eligible school



pursuing a degree or certificate.

Awards: \$4,000 annual maximum for undergraduate

> students and \$6,000 for graduate students. The maximum cumulative undergraduate amount is \$20,000; the maximum cumulative graduate and undergraduate limit is \$40,000; and \$8,000 for any student who has not yet completed two academic years of undergraduate work. The interest rate is 5

percent.

Application: Students must submit a FAFSA. Applica-

tion deadline is set by the institution.

KHĒĀĀ Federal Subsidized and Unsubsidized Stafford Loans (FFELP)

Eligibility: A U.S. citizen or eligible noncitizen

enrolled or accepted for enrollment at least half-time in an eligible certificate or degree program at an eligible school. Student must demonstrate financial need to qualify for the subsidized loan; however, the student is not required to demonstrate financial need for the unsubsidized loan.

The Federal Stafford Loan amount for an Awards:

> academic period cannot exceed the student's cost of attendance (as determined by the educational institution) less the student's estimated financial assistance and, if the loan is a subsidized Stafford

Loan, expected family contribution. The amount of one loan or a combination of both loans may not exceed the loan limits for an academic year based on the student's dependency status and grade level and the length of the program of study in which the student is enrolled. Interest is an annual variable rate not to exceed 8.25 percent. The rate is recalculated annually and is in effect for a 12-month period beginning July 1 and ending June 30. The federal government pays the interest on a subsidized loan until vou begin repayment. You can pay the interest on an unsubsidized loan while you are in school or have the interest added

The current loan limits are:

to the principal

Grade Level	Dependent Status	Independent Status
First Year	\$2,625	\$ 6,625
Second Year	\$3,500	\$ 7,500
Each Remaining Year of		
Undergraduate Study	\$5,500	\$10,500
Each Year of Graduate/		
Professional Study	\$8,500	\$18,500

Application: FAFSA and the Federal Stafford Loan

Master Promissory Note (MPN). The MPN may be submitted and signed electronically through KHEAA's eSign process. A paper MPN may be obtained from KHEAA, a participating lending institution, or a financial aid office. Contact the schools to which you are applying to see if they prefer an electronic or paper MPN. (Depending on the school you choose, Federal Direct Stafford Loans with the same eligibility and award criteria as FFELP may be available. Contact the financial aid office at the school you plan to attend for information about that school's application process.)

KHEAA Federal PLUS Loan (FFELP)

Eligibility:

Any parent or stepparent of a dependent student enrolled or accepted for enrollment at least half-time in an eligible program at an eligible school.

Awards:

The maximum loan amount equals the cost of education minus other financial aid received. Federal PLUS Loans have a variable interest rate, which is capped at 9 percent, regardless of any Federal PLUS Loans the borrower may have outstanding at a different interest rate. Therefore, a borrower may have separate loans at different rates. The variable rate is recalculated annually and is in effect for a 12month period beginning July 1 and ending June 30.

Application: FAFSA and PLUS Loan application. For a PLUS Loan application, contact a participating lender or the financial aid office at the school you plan to attend; write to KHEAA, P.O. Box 798, Frankfort, KY 40602-0798; or call toll free (800) 928-8926. (Depending on the school you choose, Federal Direct PLUS Loans with the same eligibility and award criteria as FFELP may be available. Direct PLUS requires the FAFSA and Direct PLUS Loan Application and Promissory Note, which is available at the school.)

Nursing Student Loan

Eligibility: U.S. citizen, national, or lawful permanent

resident who is enrolled at least half-time in

a nursing program and demonstrates

financial need.

Awards: Varies. Participating schools are respon-

> sible for determining the amount of assistance a student requires. The interest

rate is 5 percent.

Application: Contact the financial aid office of the

school you plan to attend. Application

deadline is set by the institution.

Primary Care Loan

Eligibility: U.S. citizen, national, or lawful permanent

resident who is enrolled in a college of allopathic or osteopathic medicine, demonstrates financial need, and agrees to enter and complete residency training in primary care within four years after graduation and practice in primary care for the life

of the loan.

Awards: The maximum award for first- and second-

> year students is cost of attendance (including tuition, educational expenses, and reasonable living expenses). Greater amounts may be awarded to third- and fourth-year students. The interest rate is 5 percent during repayment unless the student fails to enter and complete a

> interest rate will revert to 18 percent at the

residency in primary health care (the

date of noncompliance).

Application: Contact the financial aid office of the

school you plan to attend. Application deadline is set by the institution.

Work-Study

Federal Work-Study

Eligibility: Student who has financial need and is a U.S.

> citizen or eligible noncitizen enrolled in an eligible institution pursuing a degree or cer-

tificate.

Awards: Student must be paid at least the current

> federal minimum wage. Maximum earnings cannot exceed total cost of education less

other financial aid received.

Application: Student must submit a FAFSA. Application

deadline is set by the institution.



Eligibility: Kentucky resident attending a participating

> Kentucky postsecondary educational institution on at least a half-time basis. Student's employment must be career related, and priority is given to undergradu-

Awards: Student must be paid at least the current

> federal minimum wage. Maximum earnings cannot exceed total cost of education less

other financial aid received.

Application: Contact the KHEAA Work-Study Program

Coordinator at the school you attend.

Military Benefits

Most branches of the military offer some type of tuition assistance program that enables active duty members to take courses at civilian colleges during their off-duty hours. In addition, military training while on active duty can sometimes count toward college credit. After active duty has been completed, veterans can take advantage of the Montgomery GI Bill to attend college. Local Armed Forces recruiting offices can provide detailed information about educational opportunities through the military.

Kentucky Air National Guard Education Assistance

Eligibility: High school graduate or GED holder and

current member of the Kentucky Air

National Guard.

Awards: Through the Montgomery GI Bill, students

receive up to \$276 each month toward an undergraduate degree. They can attend the college of their choice and receive up to 36

months of benefits and a

maximum of \$9,936. The Montgomery GI Bill Kicker offers an additional \$350 each month for selected critical career fields and is also paid for a total of 36 months.

Students receive credit for their military schooling through the Community College of the Air Force, which is transferable to many colleges in Kentucky. Starting guard pay for one weekend of monthly training is between \$172 and \$180.92. Kentucky Air Guard membership offers a 100 percent tuition award program to all Kentucky state-sponsored schools (provided funds are

available).

Application: Contact the Kentucky Air National Guard

Representative at (502) 364-9422 or toll

free (800) 892-6722.

Kentucky Army National Guard Federal Tuition Assistance

Eligibility: Must be a guard member with satisfactory

standing; complete basic and advanced individual training; and attend an approved accredited school to pursue a vocational, associate, bachelor, or graduate program.

efits Awards:

75% of tuition for up to \$200 per semester

hour not to exceed cap as described in

policy letter.

Application: Write to Education Services Office, Boone

National Guard Center, Vets Building, Room 124, 100 Minuteman Parkway, Frankfort, KY 40601; or call (502) 607-

1550.

Kentucky National Guard Montgomery GI Bill

Eligibility: Guard member with six-year obligation who

is a high school graduate or GED holder and completes basic and advanced individual

training.

Awards: Students receive up to \$272 each month for

full-time enrollment in a Veterans Administration-approved vo-tech, undergraduate, or graduate degree program for up to 36 months. Total amount of benefits over 10

years of eligibility is \$9,792.

Application: Contact the Education Services Office for

the Kentucky National Guard at

(502) 607-1550.

Kentucky National Guard Montgomery GI Bill Kicker

Eligibility: Newly enlisted guard members with no prior

service, current members with three years of service, and active-duty members who join the guard within 30 days from discharge and enlist or extend in a qualifying unit for a period of not less than six years to qualify for the reserve component Montgomery GI

Bill.

Awards: Up to \$200 each month as a full-time

student enrolled in a program approved for VA benefits; \$350 each month is available for soldiers participating in a commissioning program such as ROTC or OCS. All soldiers must meet eligibility in their unit,

MOS, and ASVAB scores.

Application: A Montgomery GI Bill Kicker Contract is

available through the recruiting and retention office at the unit, the Military Entrance Processing Station, or by calling the Education Services Officer at (502) 607-1550.

Kentucky National Guard Tuition Award

Eligibility: Active member of the Kentucky National

Guard. Member must maintain all minimum standards, be eligible for all positive personnel actions, and have completed

basic training or its equivalent.

Awards: Up to or equal to in-state tuition of full- or

part-time study at any Kentucky statesupported university, community college, or technical college as long as funds are

available.

Application: Contact the Kentucky National Guard,

Boone National Guard Center, 100 Minuteman Parkway, Frankfort, KY 40601; call toll free (800) GO GUARD ([800] 464-8273); or call the Kentucky Air National Guard Representative at (502) 364-9422 or toll

free (800) 892-6722.

Reserve Officers Training Corps (ROTC) Scholarships

Air Force ROTC

Eligibility: High school senior or

graduate. Students pursuing technical degrees are targeted. Based on individual



merit, not financial need. Four-year scholarships may be lengthened to five years in certain academic majors and programs. The Air Force also offers scholarships to individuals who are already in college. These scholarships cover one to three years of a bachelor's degree program in certain engineering and science majors as well as in other categories such as premedicine.

Awards: Varies

Application: Contact the Department of Aerospace

Studies at the school you plan to attend. For further information, call (800) 522-0033, extension 2091; write to HQ AFROTC/DOR, 551 East Maxwell Boulevard, Maxwell AFB, AL 36112-6106; or visit

www.afrotc.com.

Army ROTC



Entering freshman who has a minimum 970 SAT or 19 ACT composite score; has good high school grades; participates in leadership, extracurricular, and athletic activities; and pursues an approved academic major. May be worth up to \$80,000, paying for most college tuition and on-campus education fees and providing an additional allowance for textbooks, supplies, equipment, and personal expenses. Receive up to \$4,000 per year in spending money.

Application: Contact the Military Science Department of

the school you plan to attend; write to Army ROTC, P.O. Box 3279, Warminster, PA 18974-9872; call toll free (800) USA-ROTC; or visit www.usarotc.com.

Two-Year Scholarship

Eligibility: Must be a U.S. citizen at least 17 years of

age and under 27 years of age on June 30 of

the year an applicant expects to graduate and complete NROTC training requirements. Applicants with prior active duty service may be eligible for a waiver. Must be a college

sophomore with a minimum GPA of 2.5.

One year (two semesters or three quarters) of differential and integral calculus of one real variable with grades of C or better is required (pre-calculus does not meet this requirement). Must meet physical requirements for the NROTC Program

(physical required).

Awards: Tuition, fees, book allowance, uniforms,

and a \$250 monthly allowance with

increasing amounts yearly.

Application: Contact nearest NROTC unit or call 1-800-

NAV-ROTC, ext. 2-9380 or 2-9387. Application deadline is March 15.

Two-Year Scholarship

Eligibility: Must be a U.S. citizen at least 17 years of

age and under 27 years of age on June 30 of the year an applicant expects to graduate

the year an applicant expects to graduate and complete NROTC training requirements. Applicants with prior active duty service may be eligible for a waiver. Must be a college sophomore with a minimum GPA of 2.5. One year (two semesters or three quarters) of differential and integral calculus of one real variable with grades of C or better is required (precalculus does not meet this requirement). Must meet physical requirements for the

NROTC Program (physical required).

Awards: Tuition, fees, book allowance, uniforms,

and a \$250 monthly allowance with

increasing amounts yearly.

Application: Contact nearest NROTC unit or call 1-800-

NAV-ROTC, ext. 2-9380 or 2-9387. Application deadline is March 15.

National Service

AmeriCorps

Eligibility: U.S. citizen age 17 or older who performs

national community service before, during, or after receiving postsecondary education.

Awards: Up to \$4,725 for each year of service to pay

current or future education expenses or

repay federal student loans.

Application: Contact the Corporation for National and

Community Service, 1201 New York Avenue, NW, Washington, DC 20525; call

toll free (800) 942-2677; or visit

www.americorps.org.

Qualified State Tuition Programs

KHEAA Kentucky Education Savings Plan Trust

Description: The Trust helps families

save, in a planned way, for their children's higher education. Deposits can be as small as \$25 (or \$15 if made

as \$25 (or \$15 if made through payroll

deduction), and the Trust offers investment options designed to help families meet future higher education costs. Account earnings are exempt from federal and Kentucky taxes. Account savings can be used at any qualified higher education institution in the nation including vocational and technical schools, to pay for tuition, fees, books, supplies, and certain room and board costs.

Information: To request more information, call toll free

(877) KY TRUST ([877] 598-7878) or visit

www.kysaves.com.

Kentucky's Affordable Prepaid Tuition (KAPT)

Description: Kentucky's Affordable Prepaid Tuition

(KAPT) was established by the 2000 Kentucky General Assembly. The plan allows Kentuckians to contribute to a child's prepaid tuition account, which can be used at any accredited postsecondary school in the country. Depending on which KAPT plan is purchased, the program guarantees to pay tuition at Kentucky's public colleges or universities or average tuition at Kentucky's private colleges and universities in exchange for early tuition purchase by lump sum or monthly payments. The accounts create a state trust fund that makes long-range investments so the earnings exceed the inflationary rise of college tuition. No new contracts may be signed until July 1, 2004, at the earliest.

Information: Contact KHEAA, 100 Airport Road,

Frankfort, KY 40601; call (888) 919-KAPT

(5278); or visit www.getKAPT.com.

Student Loans . . . Questions . . . Answers



OK, it looks like I'll need a student loan. Can you help me understand what all these technical words mean and how they apply to me? How will I know which student loan is the best?

These might be some of the questions you have as you start researching financial aid for college. Most students will need a student loan, so it's wise to know what all the terms mean and how they apply to you. Terms that are used in a definition but are defined in this section are indicated in **yellow**.

☐ Borrower benefits—Think of these in terms of a price break you get when you buy something and a rebate you get after you buy it. A *lender* can charge an *origination fee*, while a *guarantor* can charge an *insurance fee*. Not all lenders and guarantors charge the same fees, and some, like KHEAA, don't charge a fee at all. These fees are deducted before you see the money, so the lower the fees, the more money you receive to pay for your education.

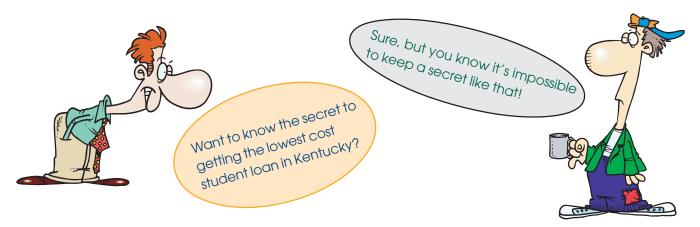
Lenders may also give you breaks while you're in school. For example, your lender may deduct a certain percentage of the *principal* amount if you finish the semester or quarter for which you borrowed the funds. The Student Loan People offer this incentive in its BestStart program.

You can also get breaks when you start repaying your loan. Many lenders will charge you a lower *interest* rate if you follow certain criteria. See the information on the **Best in Class**, **Best in Care**, and **BestStart** programs on the following pages for examples of how this works.

- ☐ **Guarantor**—This is like an insurance company. The guarantor, such as KHEAA, has a contract with the *lender* to pay off a student loan under special circumstances.
- ☐ Insurance fee—It's just like car insurance, only it's not as expensive. The *guarantor* can charge you up to 1 percent of your loan as an insurance fee. KHEAA is a guarantor, and to help you with your educational costs, does not charge an insurance fee.
- ☐ **Interest** —This is the money you pay the *lender* for letting you use its money to pay your school costs. It's just like the interest you pay on your car loan, only it's generally lower.

- ☐ Lender—The lender is whoever loans you the money. It can be a bank, a nonprofit state corporation, a credit union, or some other financial institution.
- ☐ Origination fee—This helps cover the costs the lender has to pay for doing business with you. Lenders can charge up to a 3 percent origination fee. KHEAA does not charge an origination fee.
- ☐ Principal—This is the actual amount you borrow before the origination fee and insurance fee are deducted. The interest you are charged will be based on the principal.

BestStart . . . Best in Class . . . Best in Care



How to get the lowest cost student loan in Kentucky is really no secret at all! The Student Loan People (the state's only public, nonprofit student loan provider) offers BestStart—the lowest cost Federal Stafford Loan in Kentucky—and special repayment incentives through Best in Class and Best in Care.

Just choose The Student Loan People as your lender (code 826688). The Student Loan People's BestStart loan carries no fees, gives you academic period discounts, reduces your loan principal for consistent on-time payments, and lowers your interest rate for automatic payments.

Best in Class offers interest forgiveness for teachers, counselors, and librarians. In addition, math, science, special education, and English as a Second Language teachers have 20 percent of their original balance forgiven each year they teach in a Kentucky school.

Best in Care offers interest forgiveness for current registered nurses working in Kentucky. Loans made after July 1, 2003, will also have 20 percent of their original loan balance forgiven each year the borrower works as a registered nurse in Kentucky.

Look for more details on Best in Class and Best in Care programs on the next page.

Almost all Kentucky schools participate in the Federal Family Education Loan Program (FFELP) administered by KHEAA and The Student Loan People and can offer you these savings. Just select LENDER #826688.

Definitions of terms used can be found in the glossary of student loan terms on page 43 of this publication.

HOW TO APPLY

FILL OUT THE FAFSA ONLINE.

You can access it at www.studentloanpeople.com or get a hard copy from your counselor or the financial aid office. (Be sure to indicate your interest in a student loan on the form.)

■ SPECIFY "THE STUDENT LOAN PEOPLE" AS YOUR LENDER.

To get the lowest-cost student loan, you must specify your lender as The Student Loan People by using lender #826688 on your Master Promissory Note (MPN).



BestStart includes the following benefits for all student loan borrowers:

- 0% origination fee
- 0% insurance fee through KHEAA
- 2% reduction to the original principal after completion of the academic period for which the loan was made
- 0.25% interest rate reduction for borrowers who make their loan payments automatically through their checking or savings account
- 3.5% reduction to the original loan principal after the first 30 consecutive on-time payments



Best in Class offers all the benefits of BestStart, plus the following benefits for Kentucky teachers in student loan repayment:



- Teachers
- **Guidance counselors**
- Librarians



- Math
- Science
- English as a Second Language
- **Special education**



Best in Care offers all the benefits of BestStart, plus the following benefits for Kentucky registered nurses in student loan repayment:

Interest forgiveness for current registered nurses with at least an associate degree who are practicing in Kentucky



Gettina In 2003-2004

Interest forgiveness and 20% loan forgiveness for each year of service for borrowers with loans made after July 1, 2003, who become registered nurses in Kentucky

You must apply for Best in Class and Best in Care benefits each year.

The Student Loan People reserve the right to modify or terminate these programs at their discretion.

For more information on these programs or to apply for a student loan, contact The Student Loan People at:

- www.studentloanpeople.com
- 888.678.4625
- P.O. Box 24328, Louisville KY 40224-0328



Lender ID #826688

Debt...Debt...Debt

Debt...it's a scary but sometimes necessary step to take. However, it's important that you research all other means of financial aid before taking out a student loan. Don't forget that a student loan has to be repaid, whether you finish your education or like the school or program you've started. So approach this obligation with the realization that you're taking on a commitment ... a commitment that will help improve your future but also one that requires you to be responsible. By making your payments on time and paying off your debt, you're establishing yourself as a good credit risk. This will help you later in life when you need to borrow money for



another purpose, whether it's buying a car, furniture, or a home. Here are some tips that will help you to borrow wisely.

TIP 1 - CONTACT THE SCHOOL YOU PLAN TO ATTEND

Find out what other financial aid you qualify for before applying for a student loan. Grants, scholarships, and workstudy usually do not have to be repaid.

Ask the financial aid officer how much the total cost of attending school, including the estimated living expenses, is going to be.

Know what the school's refund policy is. Ask the financial aid officer or check the student handbook or class schedule.

Check with the school about entrance counseling. The school you'll be attending is required to provide this before you receive your first Federal Stafford Loan.

TIP 2 - CHECK OUT THE OCCUPATION THAT YOU ARE INTERESTED IN

Find out the job opportunities in that field to make sure you will be able to earn enough to pay back what you borrow as well as meet any other expenses you will encounter when you're in the working world. Defaulting on a student loan isn't an option, even if you can't find a job in the field you've trained for or if you don't make as much money as you thought you would. Research before obligating yourself to a job where you won't earn enough money.

TIP 3 - FIND OUT ABOUT STUDENT LOANS BEFORE BORROWING

Borrow only what you need. Remember, you must repay your loan. The chart on the next page shows the approximate monthly payment required on a Federal Stafford Loan depending on the interest rate.

For new borrowers who have no outstanding loan balance, the interest rate is variable with a cap of 5 percent. Note that the chart shows the approximate monthly payment required on each Federal Stafford Loan. For example, if you have two \$5,000 loans, each from a different lender, your monthly payment would be \$106 (\$53 to each lender). For a quick estimate of how much you will pay based on how much you have borrowed, the interest rate, and the repayment period, use the Loan Repayment Calculator found under the Quick Links feature on KHEAA's Web site www.kheaa.com.

(continued)

(Tip 3 - continued)

Consider getting all of your loans through one lender so you don't have to make payments to two or more lenders at the same time. This will simplify the process. The federal government requires the Master Promissory Note (MPN) for all Stafford Loans. For more information, visit www.kheaa.com/mpn home.html.

Use student loans only for educational purposes. Giving false information, forging information, or using loans for any purpose other than legitimate school expenses is a crime. KHEAA will seek prosecution through federal and state authorities for abuse or fraud in student loan programs.

Generally, you have up to 10 years to repay your student loans. A minimum monthly payment amount of \$50 is required. Your repayment duration and amount will be calculated based on your loan balance. An extended repayment plan is available if you owe more than \$30,000 in student loans. Under the extended repayment plan, you can take up to 25 years to pay, depending on how much you owe.

Fed	deral Stafford L	oan Repayme	nt	
Amount	Estimat	ed Monthly Pa	yment	
Borrowed	4%	4.5%	5%	
\$ 5,000	\$ 51	\$ 52	\$ 53	
\$10,000	\$101	\$104	\$106	
\$15,000	\$152	\$155	\$159	
\$20,000	\$202	\$207	\$212	
\$25,000	\$253	\$259	\$265	
\$30,000	\$304	\$311	\$318	
\$35,000	\$354	\$363	\$371	
\$40,000	\$405	\$415	\$424	

TIP 4 - WHAT HAPPENS AFTER THE FIRST YEAR?

Most financial aid programs have renewal requirements and some limitations such as:

Maintaining a minimum grade point average.

Advancing to the next grade level.

Requiring students to reapply each year in order to receive aid.

Limiting the total number of years that aid can be received.

BEFORE YOU TRANSFER TO ANOTHER SCHOOL, BE SURE TO CHECK ON THE STATUS OF YOUR FINANCIAL AID.

TIP S - NOW THE FUN PART

When you start making payments, think about paying a little extra—a few more dollars paid each month reduces the overall amount of interest you will pay over the life of the loan. If you pay an extra \$10 each month, \$120 a year, the extra money is applied to the principal you owe, which lowers the amount of interest you end up paying.

If you have any trouble making your payments, contact your lender immediately. You may be able to postpone or reduce your payments temporarily. Before you enter repayment, you will go through exit counseling.

If you end up with more than one student loan, contact your lender or KHEAA about consolidating your student loans. For more information about Federal Consolidation Loans, contact:

KHEAA,
P.O. Box 798
Frankfort, KY 40602-0798
(800) 928-8926
www.kheaa.com/fed_cons.html,
or
The Student Loan People
P.O. Box 24328
Louisville, KY 40224-0328
(888) 678-4625
www.studentloanpeople.com.

Credit . . . Credit . . . Credit



You've made a wise decision . . . you've decided to get a higher education. You've taken the time to research what school you want to attend, what subjects you want to take, what career you want to pursue, and what all this is going to cost you. If you're really wise, you'll come up with a plan as to how you're going to pay for all of this. There are many avenues to pursue. Grants, student loans, scholarships, jobs, and parents are all possibilities. One door that will open up to you, almost as soon as you arrive on campus, is getting a credit card. Let's look at how this can impact not only your college life but your future.

What are some of the advantages of a credit card? The number one advantage is convenience. If you have an emergency, need to purchase something online or by telephone, or need the safety of not carrying cash, credit cards fit the bill. Credit cards can also help you establish a credit history. This can be either good or bad, depending on how the card is used and how it's paid. Your credit history will follow you all of your life.

OK, we've looked at the advantages. What are the disadvantages? The number one, two, and three disadvantages are . . . debt . . . debt . . . and more debt! There are other disadvantages as well. With credit cards comes the temptation of

Did you know that if you are 18 years of age, charge \$3,500 at 18 percent interest, and only make the minimum payment, you will be 45 years old by the time you pay this off. Not only that, but you will have paid almost \$8,000 in interest on top of the original \$3,500. If you charge even more than that, it multiplies dramatically.

spending more money than you have. Although \$3,500 may seem like a lot, you can reach it easily when you start treating your friends to pizza, buying clothes, buying CDs, and decorating your room. In fact, \$3,500 is probably a pretty conservative number.

If you accumulate large amounts of credit card debt and are unable to pay it off, it can affect your credit rating for many years. A poor credit rating can affect many areas of your life, including getting a job, buying a house, or even finishing school. Before you ever obtain a card, decide what you're going to use it for and how you're going to pay for it.

How can you avoid getting yourself into trouble with this "convenient" money. One thing to remember is that a credit card is not free money . . . it all has to be



paid back . . . with interest.

One avenue to explore is the use of a debit card, which is issued by most banks. Any time you use it, the amount will automatically be deducted from your checking account.

Another option offered by some banks is a credit card that's been prepaid by your parents. They're notified every time you make a transaction, and you can only use the amount of money that's "loaded" into the card.

If, after weighing all the pros and cons, you decide you still want to have a credit card, use it wisely. Be sure you review the bill once it comes in and pay it before the deadline. Only charge as much as you can pay off when the bill comes. If circumstances arise that you do have to charge more, pay more than the minimum charge in order to avoid accumulation of interest.

Don't let credit card debt and a poor credit rating **haunt** your future. Use good judgment . . . either decide not to use a credit card or to use it sparingly. It's your future that's at stake . . . **make it a good one**.

Compare . . . Compare . . . Compare



To get the best idea of which school is making you the best offer, compare their financial aid packages. The form below will give you a comparison for three schools . . . if you're considering more, just make a copy of this page.

Cost should be an important consideration but you also need to make sure that the school offers what you need for the career you've decided on.

Packaging of aid at most schools is tentative pending completion and verification of information on the financial aid application(s).

Package Evaluation

Instructions: If you're considering more than three schools, photocopy this page before proceeding. Select the schools for evaluation and write their names on the slanted lines. Fill in the information for each school in the appropriate column. What does your evaluation reveal?		
Need Calculation		
Total Cost of Attendance (varies from school to school)		
Minus Estimated Family Contribution (remains the same)		
Equals Financial Need		
Financial Aid Package		
Federal Pell Grant		
College Access Program (CAP) Grant		
Kentucky Tuition Grant (KTG)		
Federal Supplemental Educational Opportunity Grant (FSEOG)		
Other Grants		
Kentucky Educational Excellence Scholarship (KEES)		
Other Scholarships		
Federal Work-Study		
KHEAA Work-Study Program (KWSP)		
Federal Perkins Loan		
Federal Stafford Loan (Subsidized and/or Unsubsidized)		
Federal PLUS Loan		
Other Loans		
Total Financial Aid Package		